



# Department of Justice

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FOR IMMEDIATE RELEASE  
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**FORMER SUPPLIERS OF DISPLAY MATERIALS TO PHILIP MORRIS CHARGED  
IN \$25 MILLION BID RIGGING AND KICKBACK CONSPIRACY**

WASHINGTON D.C. -- Two executives of a defunct New Jersey company pleaded guilty today for their involvement in a \$25 million bid rigging and kickback conspiracy for contracts awarded by Philip Morris Inc. in New York City to supply product advertising and display materials to retail stores. In a related case, another man pleaded guilty to participating in a conspiracy to defraud the Internal Revenue Service.

The cases are part of the Department of Justice's ongoing antitrust investigation of bid rigging, commercial bribery and tax-related offenses in the display industry.

The Department's case filed in U.S. District Court in New York City, charged that Richard T. Billies and Sidney Rothenberg, while owners and executives of AM-PM Sales Co. Inc., were involved in a bid-rigging conspiracy that began in the early 1980s and continued until October 1991. AM-PM also used the trade name Masta Display Co.

Count one charged Billies and Rothenberg with participating

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in a conspiracy to rig bids and allocate contracts awarded by Philip Morris Inc. to supply retail stores with display stands, banners and counter cards. It said the two conspired with others to designate the low bidder on such contracts; arranged for the submission of higher, noncompetitive price quotations or bids from other suppliers; and paid Philip Morris purchasing agents who assisted in the scheme.

Count two charged Billies and Rothenberg with tax fraud in connection with a conspiracy to raise and accumulate substantial amounts of cash to pay kickbacks to purchasing agents at Philip Morris and for other purposes and engaging in a series of transactions, many they knew to be sham, to receive approximately \$3 million in false billings to overstate their company's expenses, take false tax deductions and conceal substantial cash income. Some of their cash income was not reported to tax authorities.

In the other case, the Department said Bert Levine issued false invoices from the mid-1980s until the end of 1991 from his businesses to a number of companies, then, after the invoices were paid, returned a substantial portion of the billed amount in cash to the companies' owners or to other individuals.

Levine issued about \$3 million in false invoices and returned about \$2.5 million in cash, the Department said. Levine issued false invoices and returned cash to AM-PM Sales.

Today's cases are related to a case filed earlier this year

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against Louis T. Cappelli, a former purchasing agent at Philip Morris. The investigation was prompted originally by Philip Morris, which is cooperating.

Assistant Attorney General Anne K. Bingaman of the Antitrust Division said the investigation is being conducted by the Antitrust Division's New York field office with the assistance of the Federal Bureau of Investigation and the Internal Revenue Service. Anyone with information concerning bid rigging, bribery or fraud in the display industry may contact the New York Division of the FBI at (212) 335-2700.

The maximum penalty for an individual convicted of a violation of the Sherman Act continuing after November 16, 1990, is three years in prison and a fine not to exceed the greatest of \$350,000, twice the pecuniary gain derived from the crime or twice the pecuniary loss caused to the victims of the crime.

The maximum penalty for an individual convicted of a conspiracy to defraud the I.R.S. is five years in prison and a fine not to exceed the greatest of \$250,000, twice the pecuniary gain derived from the crime or twice the pecuniary loss to the victims.

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